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RUEKJCS/SECDEF WASHINGTON DC PRIORITY  
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SUBJECT: PRESIDENT CHEN RAISES FTA, F-16S, AND REFERENDA  
WITH CODEL ORTIZ/CHABOT

1. (SBU) Summary. President Chen Shui-bian urged visiting Congressmen Steve Chabot and Solomon Ortiz to support a Free Trade Agreement (FTA) with Taiwan and, pointing to the missile build-up across the Taiwan Strait, the sale of F-16 C/D fighters. He insisted to the congressmen that the UN referendum would not change the cross-Strait status quo or break his four-no's pledge. End Summary.

"Welcome Home"  
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2. (SBU) Taking a break from his legislative election campaigning, President Chen Shui-bian met January 9 with Congressmen Steve Chabot (R-Ohio) and Solomon Ortiz (D-Texas). Dr. C. T. Lee, a neurosurgeon from Cincinnati and former Chairman of the Formosan Association for Public Affairs (FAPA), accompanied the congressmen to the meeting with President Chen. AIT Director Stephen Young also attended. Chen apologized for the early hour -- 8:00 a.m. -- explaining that he is spending all his time these days campaigning for Democratic Progressive Party (DPP) candidates in Saturday's Legislative Yuan (LY) election. The early hour, he said, is an indication of how much Taiwan values the congressmen's friendship.

3. (SBU) President Chen welcomed the two congressmen as "old friends" and "brothers" of Taiwan. Noting that Ortiz had visited Taiwan at least forty times, Chen said "welcome home." He warmly recalled House Taiwan Caucus Co-Chairman Chabot's last visit to Taiwan in February 2007 and his public calls for the U.S. to review its one-China policy, which Chabot "rightly said is out of date."

4. (SBU) Chen expressed appreciation for the congressmen's support for legislation and resolutions in support of Taiwan, particularly a Free Trade Agreement (FTA) and Taiwan participation in WHO. He also expressed gratitude for their understanding of his action on the National Unification Council and Guidelines in February 2006 and for their support of Taiwan's efforts to join the UN. Chen praised the two congressmen for facilitating cooperation between the U.S. and Taiwan, noting that their efforts have given strength and courage to the Taiwan people.

### Three Requests: FTA, F-16's, and Referenda

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15. (SBU) President Chen told the congressmen that the number of PRC missiles aimed at Taiwan increased from 988 last year to 1328, a figure based on consultation with the U.S., he said. This "astonishing increase" of 440 missiles in one year represents a direct threat to Taiwan security and to the stability of the Taiwan Strait. Chen said his administration had worked hard to pass the long-stalled three major military procurement projects (note: P-3C surveillance aircraft, PAC-3 missiles, and diesel electric submarines). These weapon systems have now been funded by the 2007 and 2008 defense budgets, with an additional amount to purchase F-16 C/D fighter jets. Chen expressed his deep appreciation for congressional support of Taiwan's F-16 purchase request and his hope that the U.S. Government will agree to this request under its Taiwan Relations Act (TRA) commitment and, thus, help Taiwan fill the defense void caused by its aging jet fighters.

16. (SBU) Chen then requested the two congressmen's support for a U.S.-Taiwan FTA. As one of the most important U.S. trade partners, he argued, Taiwan deserves serious consideration for an FTA, which would be mutually beneficial to both sides.

17. (SBU) Finally, President Chen expressed appreciation for U.S. support of Taiwan's democratization, one expression of which, he said, is the national referendum. Noting that the first two referenda were held in conjunction with the March 2004 presidential election, Chen explained that four

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referenda would be held in conjunction with the January 12 LY and March 22 presidential elections. Unfortunately, there are two political parties in the world that oppose the referenda -- one in Taiwan, the opposition Nationalist Party (KMT), and one in China, the Chinese Communist Party (CCP). It is to be expected that the CCP would oppose any referendum, he said, but KMT opposition is a cause for regret, because referenda are a democratic expression of the will of the 23 million people on Taiwan. The UN referenda, he assured the congressmen, will not change the cross-Strait status quo or break his four-no's pledge, but will only advance Taiwan democracy.

Congressmen on Taiwan: F-16, FTA, IPR

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18. (SBU) Congressman Ortiz stressed the enormous progress Taiwan has experienced since his first visit in 1983. Taiwan, then under martial law, has since blossomed into full democracy, with Taiwan, just like the U.S., facing presidential elections. Noting that theirs was a bipartisan CODEL, Ortiz praised the work of Congressman Chabot, one of the House Taiwan Caucus Co-Chairs, in maintaining U.S.-Taiwan friendship. Co-Chair Sherrod Brown, he explained, had been unable to join the CODEL this time because of the approaching Nevada primary. Both congressmen stressed that Taiwan has many friends in the U.S. The fact that the Taiwan Caucus is one of the largest and most active caucuses, Ortiz continued, is indicative of U.S. friendship for Taiwan. Foreign policy, however, he added, "we leave to the Administration."

19. (SBU) Congressman Ortiz commended passage of the military procurement package and told Chen that he and Chabot will take Chen's message on F-16's to Congress and discuss with their colleagues. F-16s are important for Taiwan's defense, Ortiz said, and he pledged to work with Chabot on this issue. They will also take back the FTA issue for discussion, but noted FTA's are a very controversial issue in Congress. Both congressmen stated their support for an FTA, with Ortiz stating that Taiwan should get an FTA "at some time." Chabot commended Taiwan for its efforts to deal with IPR and piracy,

which, while not perfect, are a big improvement showing that Taiwan is headed in the right direction. Finally, Ortiz agreed with Chen that referenda are an important tool of democracy and that people should be able to speak out. This makes Taiwan very different from China across the Taiwan Strait.

¶10. (SBU) Congressmen Ortiz and Chabot did not have an opportunity to clear this report.  
YOUNG